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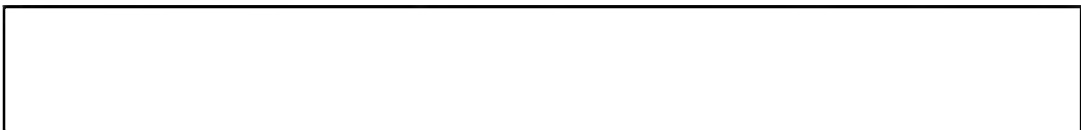
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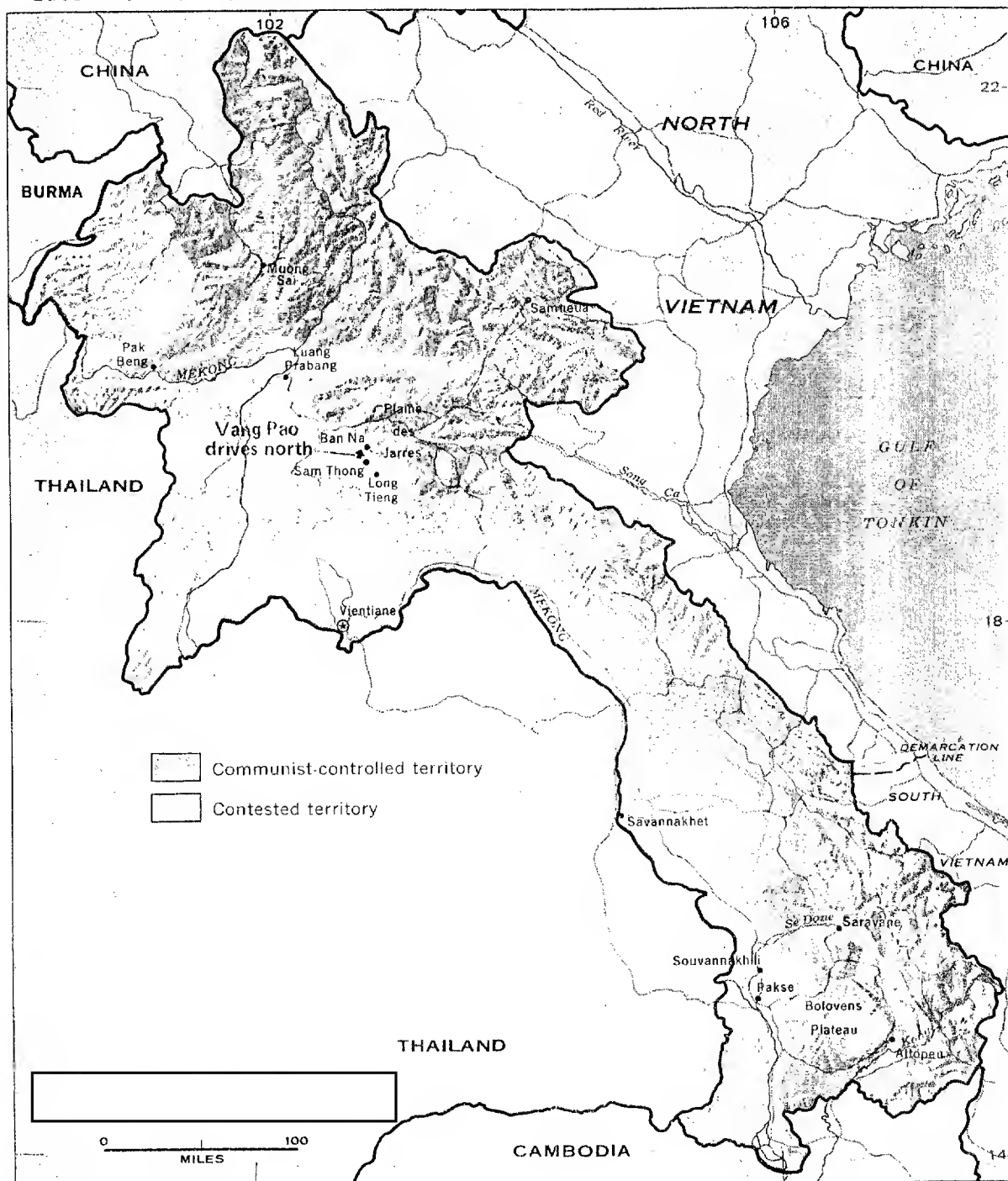
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Laos: Current Situation



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Laos: General Vang Pao has opened a three-battalion drive against Ban Na, but the Communists may soon launch an attack of their own in this area.

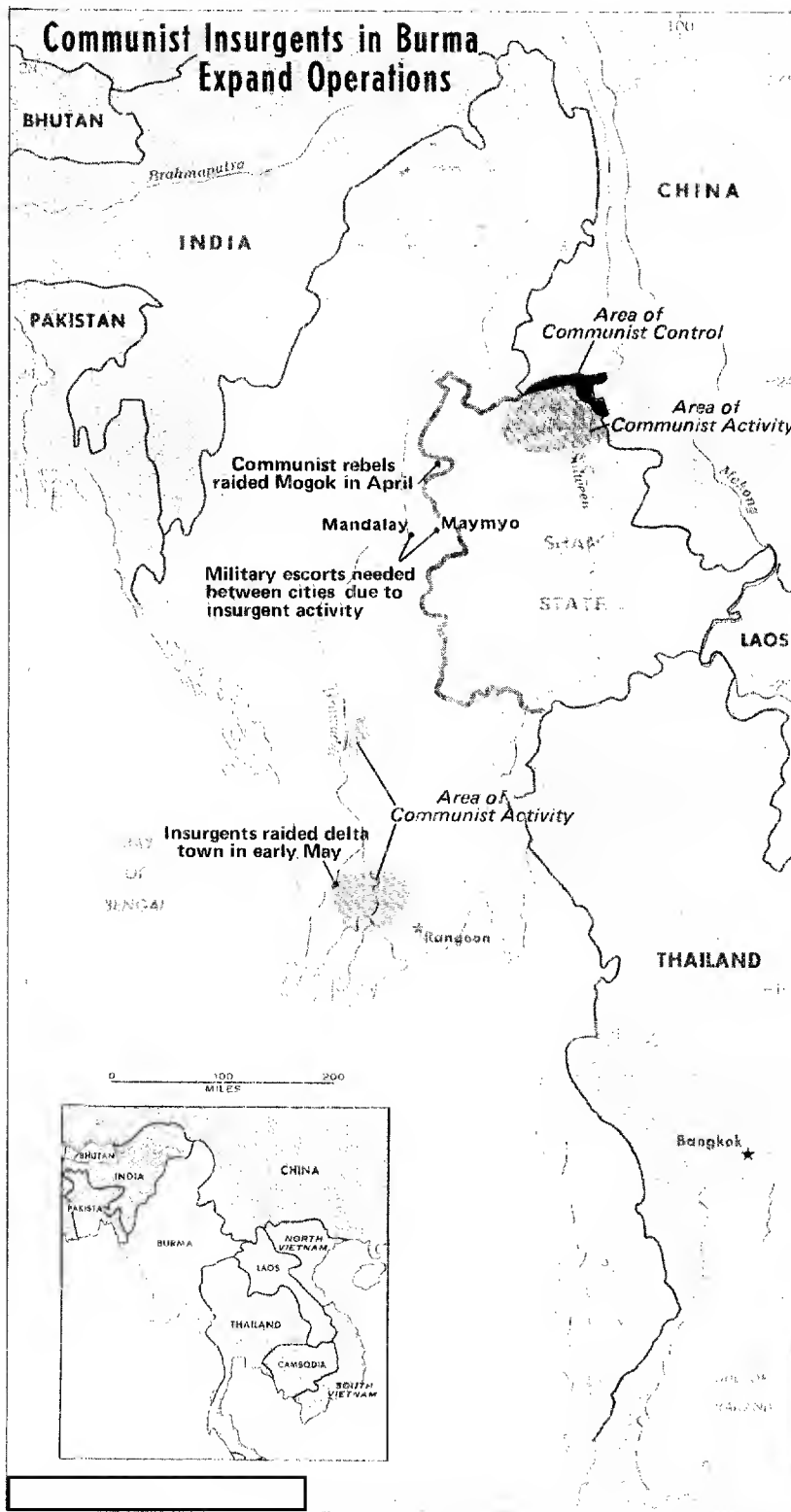
The government effort to retake the guerrilla base at Ban Na got under way early on 27 May, and by nightfall irregular units had moved to high ground within about four miles of their objective. Initial enemy resistance to the drive was light, but apparently stiffened as the Meo forces moved northward.

The southern region military commander, General Phasouk, on 26 May ordered the evacuation of all civilians remaining in Saravane. General Phasouk has also placed the Pakse and Souvannakhili garrisons on full alert as a result of unconfirmed reports that Communist harassments may be forthcoming.

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Burma: Government efforts to counter expanding Communist operations in the northeast have weakened Rangoon's capabilities against insurgents elsewhere in the country.

Following Communist seizure of several Burmese posts along the Chinese border this spring, government officials expressed Rangoon's determination to hold the remaining border towns. The subsequent dispatch of reinforcements to the northeast, however, has weakened the government's position in central Burma, including the Irrawaddy Delta. This has been the traditional haunt of the Communist insurgents, who were scattered by military sweeps beginning in April 1969. The Communists have reacted to the easing of government pressure by increasing the size of their roving bands. A rebel force numbering several hundred raided a delta town in early May.

In northern Shan State the Communist dry season offensive has begun to abate somewhat, but the Communists are now making forays into new areas.

25X1 [redacted] Communist rebels raided the gem mining center of Mogok in April, and threatened highway traffic well outside their normal area of operations. Military escorts now accompany official travelers on the Mandalay-Maymyo road because of insurgent activity. 25X1

The military hierarchy may be drawn together more tightly by what it sees as an increased Communist threat. This group has recently been subjected to strains by disclosures of profiteering among desk-bound officers in Rangoon. 25X1 [redacted]

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West Germany - USSR: The two countries have apparently worked out compromise language on the border issue that would permit opening formal negotiations on a renunciation of force agreement.

Foreign Minister Scheel said in Rome on 25 May that the two sides have agreed to regard the borders of all European states "today and in the future" to be "inviolable" as they exist on the day an agreement is signed. This would include the Oder-Neisse line and the East - West German border. At the same time, both parties would stipulate that "treaties and agreements concluded earlier by both sides" are not affected.

Under this draft formulation, the West Germans may maintain that they have held to their basic position. They have avoided the use of the word "recognition" demanded by the Soviets, preserved their postwar treaty obligations, and protected allied rights pending a final settlement. In addition, Scheel said Bonn has tied its acceptance of the European borders to Soviet acceptance of a letter recognizing the West German right to pursue reunification by peaceful means.

Scheel said the Soviets have been told that a Soviet - West German agreement and any agreement that Bonn may negotiate with East Germany and Poland would form a single package with the Four-Power talks on Berlin. He said West Germany would not ratify the agreements until a Berlin settlement satisfactory to both Bonn and the Allies was reached.

The West German cabinet is expected to approve formal negotiations on a renunciation of force agreement. Scheel may go to Moscow as early as June, according to informed observers.

Moscow probably views the text as bringing the USSR quite close to its immediate objective in the

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talks--gaining unequivocal and binding West German recognition of European borders and the postwar status quo. Since the draft text is still somewhat ambiguous in this respect, the Soviets will probably haggle further in an effort to close some loopholes in the language. They will probably insist on a more explicit clarification of the relationship between the East and West German states and the relationship between this agreement and other treaties and agreements in a final draft.

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Lebanon: The cabinet's decision to try to induce the fedayeen to voluntarily curb their activities may backfire and lead to yet another round of clashes.

Following three days of Israeli patrols into southern Lebanon, Interior Minister Jumblatt announced yesterday that the government will try to persuade the fedayeen to live up to the terms of the November 1969 Cairo agreement with the Lebanese. The fedayeen had pledged not to fire into Israel. Government sources reportedly have also announced that, beginning on 15 June, the army will be empowered to enforce other provisions of the Cairo agreement which prohibit fedayeen from carrying weapons in any town or village.

The cabinet also decided to defer asking Morocco and Tunisia for military help against Israeli attacks. Both Jumblatt and the prime minister had indicated Tuesday that Lebanon would seek such help.

By setting a 15 June date before the government is to move against the fedayeen, Jumblatt and the cabinet apparently are hoping they will not have to take any action against either the fedayeen or Israel. The Lebanese leaders probably reason that if the fedayeen voluntarily cease their operations in southern Lebanon, the Israeli patrols would no longer be needed.

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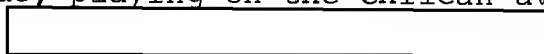
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Chile: The discovery of a guerrilla training camp in southern Chile will embarrass leftist presidential candidate Salvador Allende.

The camp was discovered last week by government security forces who arrested six persons. Three have been identified as members of the Socialist Party. The government found some arms and ammunition and a large amount of guerrilla training literature, as well as a current list of the names and addresses of US Space Agency personnel stationed in Chile.

Allende has already been questioned about the connection of the persons arrested with the Socialist Party, and he responded that they would be "disciplined." The Christian Democratic and independent presidential candidates can be expected to harp on the issue, playing on the Chilean aversion for violence.



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Venezuela-Guyana: The two countries have drafted an agreement that puts a 12-year moratorium on their border dispute.

The draft is to be drawn up in final form this week and signed in the middle of June. Under it, Venezuela will refrain from making claims to the disputed area but will not renounce its rights. The moratorium can be extended for successive periods of 12 years and avoids the necessity of submitting the dispute to the Secretary General of the United Nations for an opinion that might be unpalatable to one or both parties.

Although sufficiently vague to permit a variety of interpretations, it apparently offers Guyana relief from continued Venezuelan efforts to press its claim. The agreement seems to offer little to the Venezuelans. It will probably meet strong opposition from those Venezuelans interested in actively pushing their country's claim. If signed, President Caldera will come under increasing criticism. [REDACTED]

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Communist China: The recent leadership turnouts in Peking have provided tenuous signs that some political maneuvering may be under way within the ruling hierarchy. Hsieh Fu-chih, the public security minister and boss of the Peking municipal government, failed to attend any of the major rallies held in Peking this month and has now been out of public view since 19 March. Hsieh's absence was underscored on 21 May when his deputy in the municipal government opened the mammoth rally led by Mao Tse-tung and Lin Piao in support of Sihanouk. Although there is no firm evidence that Hsieh has suffered a political setback, it is highly unusual for such an active politburo member to remain out of sight so long without any explanation. A further indication that some shifting may have occurred within the top leadership was provided by an unexpected reversal in ranking between two other politburo members at another recent Peking turnout.

[REDACTED]

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Chile: US investments in copper are coming under fire once again. A recent statement by Anaconda Board Chairman Parkinson that his company could earn as much as \$1 billion over the next 11 years has produced outrage in Chile. The stress of the election campaign is bringing additional pressure from the left for quick nationalization. A legislative leader from President Frei's Christian Democratic Party (PDC) has repeated the PDC candidate's pledge to complete nationalization of the copper industry if he is elected. With leftists now controlling the leadership of the Chamber of Deputies, however, nationalization legislation could be introduced at any time. [REDACTED]

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Ecuador: Demonstrations in Guayaquil are planned for 29 May in memory of the six students killed last year by the army. Student leaders and Carlos Alvarado, a known agitator and terrorist leader, have announced their intention to cause serious incidents. Principal targets are expected to be those members of the Guayaquil University Council who voted in favor of military intervention on the campus last year, and possibly US consulate general personnel. Alvarado has boasted that he was responsible for two recent bombings, one of which involved a US official. [REDACTED]

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UN-Seabeds: The President's proposal last week that all nations renounce claims to natural resources on the ocean floor beyond a depth of 200 meters has generated great interest and generally favorable reaction at the UN. Most commentators believe the US initiative has given a boost to hopes that the UN General Assembly's seabeds committee will make substantial progress at its August session. Chile and Peru have already voiced displeasure, however, because the 200-meter line is close to their coasts, and its adoption would reduce the resources available for national exploitation. The Soviets have made no response yet, but they are unlikely to change their opposition to the establishment of an international body with the authority to govern peaceful uses of the seabeds. [REDACTED]

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